

III. SPECIAL REPORT

WISCONSIN LONG-TERM ECONOMIC FORECAST

This special report provides an analysis of the long-term (25-year) prospects for Wisconsin's economy. A longer view of the Wisconsin economy is useful for public and private organizations with long planning horizons. A longer view focuses attention on basic trends in demographics, labor supply, productivity growth, and industry employment in the absence of short-term business cycle phenomena such as oil price shocks, major swings in government policy, or excessively rapid increases in demand.

The current twenty-five year projection for Wisconsin is based on the long-term forecast for the U.S. economy issued by DRI-WEFA in February 2001. The forecast begins in the first quarter of 2001 and ends in the final quarter of 2025. In order to reduce the volume of information presented in tables, only annual data are shown. Readers should also note that economic estimates for the years 2001 through 2005 may not be identical to the economic estimates for the short-term forecast presented in Part I (Economic Forecast). This is because the short-term outlook contains more recent historical data and contains slightly different national assumptions. The major features and assumptions of the U.S. forecast are discussed first.

U.S. LONG-TERM FORECAST

Changes to the Forecast

Since the population projections are the same as a year ago, and since there have been no major revisions to the history of the National Income and Products Accounts, this forecast is similar to the forecast of one year ago. Real GDP growth averages 3.0% over the 25 year period, compared with 2.8% one year ago; labor productivity grows at a higher rate, 2.5% yearly, compared with 2.0% a year ago; and CPI inflation is also higher, averaging 3.3% in the current forecast, compared to 2.9% a year ago.

One key change is in the current account, which averaged 5.4% of real GDP in August, but now averages 3.4%. The U.S. balance of payments has been growing increasingly negative recently, raising

foreign debt. At some point, the rest of the world, through higher real interest rates or a cheaper dollar, will check the growth rate of U.S. foreign debt.

Demographics

Demographic factors are a key driving force in any long-term projection. The growth rate of the population and changes in its composition have considerable impacts on the labor force, the full-employment unemployment rate, housing demand, and other spending categories - most notably consumption of motor vehicles and health services, and expenditures by state and local governments. The population projections used in the U.S. economic forecast are based on the U.S. Census Bureau's "middle" projection for the U.S. population. This projection is based on specific assumptions about immigration, fertility, and mortality rates. The fertility rate (the average number of births per woman upon completion of childbearing) is expected to rise from its current level of 2.0 to about 2.2 in 2025. Life expectancy for men and women will rise steadily from 74.1 and 79.8 years, respectively, in 1999 to 77.6 and 83.6 years in 2025. Net immigration (including undocumented immigration) is estimated to fall from 960,000 persons in 1999 to 918,000 in 2025.

Overall population growth is thus expected to average 0.8% annually through 2025, which is a slight deceleration from the 1.0% pace averaged during the last 25 years. Total population rises from 273.1 million in 1999 to 337.8 million in 2025.

The age distribution of the population is also an important part of the long-term outlook. As baby boomers begin to retire, the share of the U.S. population aged 65 and over will jump from 13% in 2010 to nearly 19% by 2025, pushing outlays for Social Security, Medicare, and Medicaid higher. In addition, the growth rate of the working-age population will slow by more than that of the overall population. After increasing 1.1% annually over the past 25 years, the population aged 16 to 64 will grow 0.8% per year during 1999-2014 and just 0.2% per

year thereafter.

Labor Force and Participation Rates

The labor-force participation rate (the ratio of the labor force to the civilian adult population) was essentially flat from the late 1940s through the mid-1960s, with declines in participation rates of teenage and elderly males offsetting gains in female participation. From 1968 to 2000, however, the overall participation rate rose from 60% to more than 67%. Female participation surged from 42% to 60%, with women contributing 59% of the labor-force growth.

The labor force expanded at a 1.9% average annual rate from 1970 to 2000, climbing from 83 million to 141 million. Growth was especially strong during the 1970s, when the labor force averaged 2.6% annual gains, higher than in any decade since the first decade of the 1900s. This was a reflection not only of higher female participation rates, but also of the maturing of the baby-boom generation.

Because of demographic shifts that will play out as baby boomers age and reach retirement, labor-force growth is expected to slow sharply over the projection period. First, increases in female participation will taper off, if only because the participation rates for many female age groups are approaching those of males. Second, growth of the adult population will be slower. Third, over time, a growing share of the population will reach retirement age, when the participation rate falls to about 12%. As a result, the labor force is expected to expand by 1.3% per year between 2000 and 2005, 0.8% per year from 2005 to 2014, and by only 0.4% per year from 2015 to 2025. Overall labor-force participation is expected to fall as the population progressively moves into age groups with lower participation rates.

The overall dependency ratio (the ratio of those not in the labor force to those who are) will continue to decline for most of the next quarter-century, falling from 1.00 in 1989 to 0.91 by 2010, before rising to 1.01 by 2025. This ratio peaked at 1.65 in 1962, just after the crest of the baby boom. Clearly, the working population will *not* have to support proportionately more non-workers in the next 25 years than it has in the past.

There will be a change in the mix of non-workers, however, especially towards the end of the projection period. While the share of the population aged 65 and over has risen dramatically over the last two decades, the ratio of the number of elderly to the number of workers has so far remained stable. There were 24.4 persons aged 65 and over for every 100 persons in the labor force in 1971, versus 24.8 in 2000. This ratio should decline to 24.3 by 2006, but then jump to 27.9 in 2014 and to 37.6 by 2025, by which time most baby boomers will be of retirement age.

Employment and Unemployment

In the smooth-growth environment of the trend projection, the unemployment rate will range between 3.8% and 5.4%. While slower labor-force growth could improve employment prospects enough to drive unemployment down further, a jobless rate significantly below the long-term average would almost certainly lead to accelerating inflation. Therefore, the projection of the unemployment rate is not so much a reflection of the economy's ability to absorb labor-force growth, as it is an assessment of what constitutes a non-inflationary degree of slack in the labor market.

Employment gains should average just 1.0% annually through 2014, 0.4% per year thereafter, in line with labor-force growth. The cumulative increase in household survey employment between 2000 and 2025 is only 22%, or 30 million jobs—in stark contrast to the 54% cumulative increase, or 47 million jobs, between 1974 and 1999.

The service sector will continue to generate most of the new jobs. Meanwhile, the manufacturing sector's share of employment will continue to shrink: after dropping from 35.0% in 1953 to 17.4% in 1990, the manufacturing employment share is expected to slide to 9.9% by 2025. The decline in jobs is not a sign of weakness in manufacturing, however. Rather, employment will drop because productivity gains will consistently exceed output gains in manufacturing, and the move to outsourcing services will continue.

Productivity and Potential Output

In the long run, it is the economy's ability to increase supply that determines its growth. Gains in potential

output—the output that would be produced at a relatively high and stable level of utilization for both labor and capital—are primarily determined by labor-force and capital-stock growth, as well as by improvements in total factor productivity.

Potential output growth should hold up fairly well over the next several years, with greater business fixed investment and research and development (R&D) spending offsetting the steady slowdown in the labor-force growth. Eventually, though, the effects of weaker labor-force growth become dominant, and self-perpetuating. As output growth drops off, business fixed investment rises more slowly, limiting capital-stock growth and thus future output gains.

Consumer Spending and Income

Personal consumption is expected to reach 68.3% of GDP this year, the highest share recorded since the Great Depression and well above the 63.9% postwar average. The size of today's share reflects the relative strength of real consumption since 1980, due first to tax cuts and then to the declining shares of federal government consumption and investment, as well as to the availability of imported goods and services. The trend forecast has consumption's share relatively stable, ending at 68.6% by 2025.

With total output growth easing, real consumer spending gains will slow from 3.2% annually between 1973 and 2000 to 3.0% during 2000-2025. In per capita terms, growth will advance about 2.2% per year, about the same rate achieved during 1973-1999. Most consumption categories are expected to contribute to the slowdown, although health-care spending will pick up again after 2012.

Real personal disposable income is expected to slow from its 3.1% average growth rate between 1970 and 1999 to 3.0% rate annually over the next 25 years—in line with the slowdown in total output growth. This does not take into account the rising volume of withdrawals from existing retirement plans.

Inflation, as measured by the consumer price index, is expected to average 3.4% between 2000 and 2025, somewhat less than the 4.0% average from 1947 to 1999. The broader-based GDP deflator will rise 3.1% per year. A slight acceleration of inflation over

the forecast period reflects the assumption of a somewhat more accommodative attitude by the Federal Reserve in response to pressures created by the aging population. Rising energy prices will also add to inflation. Medical service costs are also expected to exceed average inflation, rising at a rate of 4.7% per year over the twenty-five year forecast.

Investment

The long-term outlook for housing is determined primarily by demographic pressures and income growth. The demographic demand for housing will be higher over the next 25 years than it has been over the past 25 years. Thus, housing starts are projected to average 1.76 million units annually from 2000 to 2025, above the 1.55 million averages for 1971-2000. The housing stock will climb from 109.3 million units to 141.8 million units.

Lackluster investment in the mining and petroleum industries, along with a slowdown in energy-conservation spending and a major correction in overbuilt commercial construction markets, forced a steady cutback in the GDP share of business fixed investment during the 80's, from 13.3% in 1981 to 9.9% in 1992. After a cyclical rebound, new investment in computers and software, and the eventual turnaround in the construction market, the share returned to 13.6% last year.

Good profitability and solid demand growth should keep business investment strong over the next 25 years. The share of GDP devoted to business fixed investment will thus rise from a strong 14.8% during 2001-2012 to 15.2% during 2013-2025, averaging 15.0% over the entire forecast interval. The effective capital stock (in 1996 dollars) is projected to grow 2.2% annually over the next 25 years, which is just below the average growth rate for 1970-2000.

Government

Federal discretionary spending is expected to remain under pressure throughout the projection period, as Washington attempts to mitigate the impacts of rapidly rising entitlement spending on the federal deficit. As a share of GDP, federal government current expenditures will fall from their recent peak of almost 22.4% in 1992 to a low of 16.1% in 2011, and gradually rise to 19.1% by 2025. Personal

transfer payments are expected to expand significantly as a share of government current expenditures, increasing from 43% last year to 58% by 2025.

Real military spending should decline between 2000 and 2025 as the nation continues to reap a peace dividend. In 1999, military spending garnered only 21% of total federal outlays, down from 33% as recently as 1988. The defense share of federal outlays will average 18.8% during 1999-2025.

Interest payments—the fastest-growing component of federal spending in recent years—rose from about an 8% share of the budget in 1976 to a 17.1% share in 1991, mostly due to the rapidly expanding federal debt (which climbed from 25% to 46% of GDP over the same period). The interest share should steadily fall to less than 2% after 2011. After 28 years of deficit, the federal budget (unified basis) recorded a surplus in fiscal 1998. The surpluses are expected to continue through 2015, and average 1.7% of GDP through fiscal 2025.

International

The outlook for foreign trade is probably the most uncertain among all of the economy's sectors. The dollar's real exchange rate should continue to decline through the forecast period. By 2025, the U.S. dollar will be about 15% below its 1999 level.

Contrary to the general postwar experience, the export share of GDP plummeted in the early 1980's, from 10% in 1980 to 7% in 1986. Helped by the weakening dollar and growing foreign economies, the export share steadily improved to nearly 11% by 1999. After some weakness this year, real exports should again record healthy advances, averaging 7.2% annual gains through 2025. Meanwhile, real imports will also continue to climb rapidly, averaging 6.5% growth over the forecast interval.

Energy

The average price of foreign oil, except for temporary spikes, is not expected to exceed \$30 per barrel until 2015. With worldwide demand steadily increasing, however, the OPEC cartel will maintain some pricing power. Energy price inflation should therefore heat

up early in the next decade. The trend projection assumes that oil prices hover about \$25 per barrel through the end of 2010. Thereafter, oil prices climb steadily to \$30 per barrel by 2025. Real prices will average less than 1% annual gains over the projection period, leaving the real price of imported oil well below its 1980 peak.

Energy conservation has not yet run its course, though, and demand should therefore grow at a consistently slower pace than real GDP. Although demand finally surpassed its 1979 peak of 79 quadrillion British thermal units (quads) in 1988, total energy usage should reach only 145 quads by 2025. Despite rising real energy prices, domestic production of oil and natural gas is projected to rise from 35.5 quads this year to just under 38.2 quads in 2025.

Summary

The nation's economy is expected to post markedly slower economic growth over the next 25 years than during the past quarter-century. The prime causal factors for this slowdown are already in place: labor-force growth constrained by demographic forces that cannot be quickly reversed and relatively moderate growth of the capital stock. Growth in real per capita GDP will remain quite close to historical levels, even as population growth continues to slow. Table III.1 presents a summary of the 25-year U.S. trend projection by five-year intervals, showing growth rates for selected economic and population measures.

WISCONSIN LONG-TERM FORECAST

Demographics

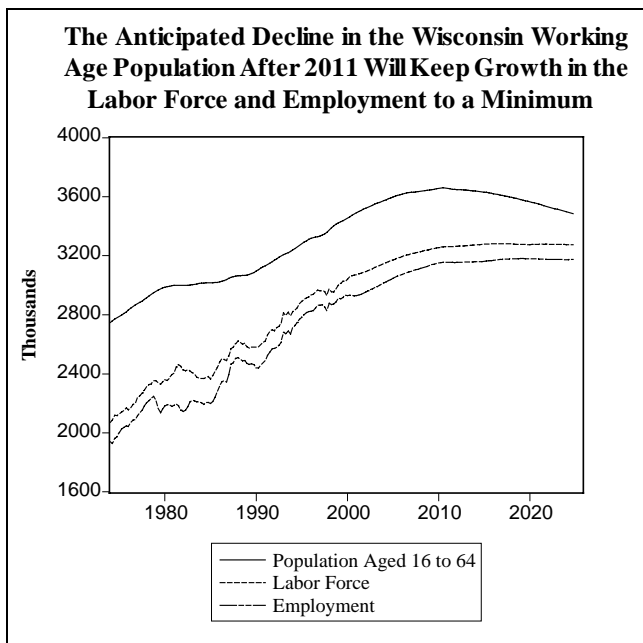
The 25-year outlook for the Wisconsin economy is also heavily conditioned by demographic trends. The Wisconsin population projections used in this analysis are issued by the U.S. Bureau of the Census.

Wisconsin total population growth is expected to average 0.4% annually from 2001 to 2025, a rate slightly below the 0.6% average from 1975-2000. Compared to the U.S. projected growth of 0.8% over the same period, Wisconsin is expected to continue the long-term trend of slower population growth than the nation as a whole. The adult population (those

over the age of 17) in Wisconsin grew at an average annual rate of 1% over the past 25 years, but is expected to grow by 0.5% per year from 2001 to 2025. Also similar to U.S. demographic trends, the aging population in Wisconsin (those 65 and over) is projected to grow at an average annual rate of 2% for the next 25 years, including 3% per year after 2010. The aging population in Wisconsin grew at an annual rate of 1.3% per year from 1975 to 2000.

A key feature of the population projection that is very problematic for growth of the Wisconsin economy is the prospect for a decline in the working age population after 2011. The population aged 16 to 64 is projected to grow at an annual rate of 0.6% from 2000 to 2011, but will then decline at an annual rate of 0.4% from 2012 to 2025. The working age population grew at an annual rate of 0.9% from 1974 to 1999. The growth of the working age population has a profound effect on the growth of the labor force and employment, as shown in Chart III.1.

CHART III.1



Labor Force

Wisconsin labor-force participation rates have historically been higher than U.S. labor-force participation rates, but have followed similar trends. The labor-force participation rate in Wisconsin was 60.7% in 1970, 66.2% in 1980, and 69.3% in 1990. These rates contrast with U.S. rates of 57.9% in

1970, 61.9% in 1980, and 64.8% in 1990. Labor-force participation rates by females in Wisconsin have exceeded participation rates by females in the nation since the mid-1970s.

Labor-force participation in Wisconsin is expected to remain at the current level of 73% until 2010 and then decline to 69.9% in 2025. The reason for the decline in the participation rate is the retirement of the baby boomers.

Participation rates by those over the age of 64 have historically been much lower than participation rates for those aged 16 to 64. Currently, the participation rate for those aged 65 and over is about 12%, while the participation rate for those aged 16 to 64 is about 85%. As the proportion of the population aged 65 and over increases, the overall participation rate will fall. Furthermore, as the average age for the over-64 age group increases, the participation rate for the population over 64 will fall from 12% to about 11%.

Despite the decline, the Wisconsin participation rate will remain well above the U.S. participation rate throughout the forecast period.

The historical growth in the Wisconsin labor force has been 1.5% per year from 1974 to 1999; slowing population growth will limit the projected growth in Wisconsin's labor force to a rate of 0.3% per year for the next 25 years. From 2001 to 2010, the labor force is expected to grow by 0.69% per year, but from 2011 to 2025 it is expected to grow by only 0.04% per year, a rate indistinguishable from zero. Thus, the total Wisconsin labor force is expected to grow from a level of 3.016 million in 2000 to a level of 3.275 million in 2025, a gain of 259 thousand over 25 years.

Employment and Income

With a slowly growing labor force, and a more modest demand for employment implied by the growth in the national economy, Wisconsin's unemployment rate is expected to average 3.5% over the next 25 years. Over the past 25 years, the unemployment rate in Wisconsin has averaged 5.6%, about 1% lower than the U.S. unemployment rate.

The unemployment rate for the forecast period is expected to average about 0.8% lower than the U.S. unemployment rates.

During the past 25 years, the average annual growth in Wisconsin total employment (non-farm jobs) was 2.0%. During the next 25 years, the trend projection for Wisconsin employment growth is 0.4% per year, a marked change from recent experience, but consistent with the lower employment growth expectations for the U.S. economy, and a pronounced labor shortage in Wisconsin.

Also in line with the U.S. long-term employment trend, Wisconsin is expected to continue to lose manufacturing jobs, as manufacturing production grows slowly and labor productivity improves. The rate of decline, however, is expected to be less than the national average, implying an increasing concentration of manufacturing activity in Wisconsin. Manufacturing's share of total employment was 31.3% in 1972 and fell to 21.8% in 2000. Manufacturing's share of total employment is projected to fall to 20% by 2025. For the U.S., manufacturing's share of total employment was 14% in 2000, and is expected to fall to 10% by 2025.

Manufacturing employment grew at an annual rate of 0.66% from 1975 to 2000; over the next 25 years manufacturing employment is projected to grow by 0.2% per year. Service industries are expected to show the most job gains over the next 25 years, a continuation of recent trends. Service industry employment is projected to grow by 1.1% annually.

Real personal income growth (growth adjusted for inflation) in Wisconsin is expected to decelerate slightly from the annual average of 2.75% in the 1975 to 2000 period to an average of 2.26% per year over

the next 25 years. Because population growth is expected to slow from 0.6% per year during the 1975 to 2000 period to 0.4% per year during the next 25 years, the deceleration in real income growth per person will be more pronounced, growing from 2.13% to 1.87% per year. Real transfer income, consisting primarily of Social Security, Medicare, and Medicaid, will grow by 3.5% annually over the next 25 years, after growing at an annual rate of 2.7%

from 1975 to 2000. Average annual wages per worker in the private sector are projected to grow by 4.8% per year in Wisconsin, nearly matching the growth in national wages per worker of 4.9% per year.

Because of the expected demographic shifts over the next 25 years, the composition of personal income will also undergo dramatic changes. Wages and salaries, which have averaged around 58% of total personal income over the past 25 years, and are now at 58.1%, will fall to just below a 52% share of personal income by 2025. Employment is expected to grow by less than the growth of the retired population.

On the other hand, government transfer payments, a large part of which are social security payments and Medicare tied closely to the number of retirees, will expand to 16% of personal income from its current share of 11.6%. Trends in the shares of components of personal income will also greatly shape the nature of state and local government programs and their financing during the next quarter century.

Summary

The long-term economic outlook for the Wisconsin economy, like the outlook for the U.S. economy, is heavily influenced by population projections, and changes in the demographic mix of age groups. These population projections suggest that economic growth as measured by the labor force and employment growth will be quite different from the past 25 years. Because population projections for Wisconsin show relatively slower growth over the projection period of 2001 to 2025, compared to the past 25 years, it is reasonable to expect that economic growth will also be relatively slower in Wisconsin.

Table III.2 presents a summary of the 25-year Wisconsin trend projection by five-year intervals, showing growth rates for selected economic and

population measures. Table III.3 shows the same information for the past 25 years and for each year of the 25-year forecast.

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**TABLE III.1
U.S. LONG-TERM FORECAST
(2001 - 2025)**

	1996-2000	2001-2005	2006-2010	2011-2015	2016-2020	2021-2025
(Average annual percent change, except for unemployment rate)						
Population						
Total	0.9	0.9	0.8	0.8	0.8	0.8
Age 16 and over	1.1	1.1	1.0	0.8	0.8	0.8
Age 16 to 64	1.1	1.1	0.9	0.4	0.2	0.1
Age 65 and over	0.7	0.9	1.8	3.0	3.1	3.1
Civilian Labor Force						
Labor Force	1.3	1.2	1.0	0.5	0.4	0.4
Household Employment	1.6	1.0	1.2	0.5	0.5	0.3
Unemployment Rate (average)	4.9	4.6	4.5	4.6	4.7	4.9
Wage and Salary Employment						
Total Nonfarm	2.3	1.2	1.4	0.5	0.6	0.3
Mining	-1.5	-3.6	-2.6	-3.7	-3.4	-3.2
Construction	5.2	2.2	2.2	0.0	0.7	-1.1
Manufacturing Durables	0.7	-1.4	-0.1	-0.6	0.0	0.3
Manufacturing Nondurables	-1.3	-1.7	-1.8	-1.0	-0.3	-0.1
Trans.& Utilities	2.6	1.9	2.0	0.0	0.4	0.0
Retail Trade	1.8	0.7	0.8	0.5	0.3	0.1
Wholesale trade	2.0	1.1	1.0	-0.5	-0.3	-0.1
Finance, Ins. & Real Estate	2.2	1.5	1.0	0.6	0.2	-0.2
Services	4.0	2.7	2.5	1.2	1.1	0.7
Government	1.3	0.7	1.0	0.7	0.7	0.4
Income in Constant (\$ 1996) Dollars						
Total Personal Income	3.9	3.5	3.2	3.0	2.7	1.9
Wages and Salaries	4.8	3.7	3.0	2.4	2.1	1.0
Other Labor Income	-0.8	3.0	2.5	2.5	2.3	1.0
Property Income	4.1	2.5	3.5	3.9	3.5	2.9
Transfer Income	1.9	4.2	4.1	4.4	4.0	4.0
Proprietors' Income	5.3	3.7	3.0	2.5	2.8	1.7
Contributions to Social Ins.	4.0	2.8	2.1	2.3	2.6	2.4
Per Capita Income	3.0	2.6	2.4	2.2	1.9	1.1

Source: DRI-WEFA, February 2001

TABLE III.2
WISCONSIN LONG-TERM FORECAST
(2001 - 2025)

	1996-2000	2001-2005	2006-2010	2011-2015	2016-2020	2021-2025
(Average annual percent change, except for unemployment rate)						
Population						
Total	0.7	0.6	0.4	0.4	0.3	0.3
Age 16 and over	1.0	0.8	0.5	0.4	0.4	0.3
Age 16 to 64	1.1	0.8	0.4	-0.1	-0.3	-0.5
Age 65 and over	0.6	0.7	1.4	2.6	3.0	2.9
Civilian Labor Force						
Labor Force	1.2	0.9	0.6	0.2	0.0	0.0
Household Employment	1.3	0.7	0.7	0.1	0.1	0.0
Unemployment Rate (average)	3.5	3.6	3.4	3.7	3.3	3.1
Wage and Salary Employment						
Total Nonfarm	2.0	0.8	0.9	0.2	0.2	0.0
Mining	2.0	-4.8	-3.2	-4.2	-3.8	-3.7
Construction	4.8	1.9	1.7	-0.6	0.2	-1.6
Manufacturing Durables	0.6	-0.8	0.4	-0.1	0.6	1.1
Manufacturing Nondurables	0.3	-0.8	-0.7	0.2	0.5	0.3
Trans.& Utilities	2.1	1.5	1.5	-0.5	-0.2	-0.5
Retail Trade	1.5	0.2	0.3	0.0	-0.3	-0.5
Wholesale trade	1.9	0.7	0.5	-1.0	-0.9	-0.6
Finance, Ins. & Real Estate	1.7	1.3	0.5	0.1	-0.4	-0.7
Services	3.8	2.2	2.0	0.8	0.5	0.3
Government	1.3	0.6	0.6	0.5	0.3	0.0
Income in Constant (1996) Dollars						
Total Personal Income	3.8	3.0	2.6	2.3	2.1	1.3
Wages and Salaries	4.4	3.1	2.4	1.8	1.4	0.5
Other Labor Income	-3.0	2.3	1.9	1.8	1.5	0.3
Property Income	5.3	2.6	2.9	3.3	3.0	2.2
Transfer Income	1.3	3.6	3.4	3.9	3.6	3.4
Proprietors' Income	5.3	2.0	1.5	0.6	0.9	-0.2
Contributions to Social Ins.	3.7	2.0	1.2	1.4	1.6	1.6
Per Capita Income	3.1	2.5	2.2	2.0	1.8	1.0

Source: Wisconsin Department of Revenue, February 2001

TABLE III.3
THE WISCONSIN ECONOMY: HISTORY AND LONG-TERM FORECAST
(1975-2025)

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Population (Millions)												
Total	4.575	4.594	4.622	4.644	4.678	4.709	4.725	4.729	4.723	4.733	4.746	4.755
Age 16 and over	3.277	3.327	3.384	3.433	3.487	3.537	3.570	3.586	3.597	3.613	3.628	3.638
Age 16 to 64	2.765	2.804	2.850	2.889	2.932	2.971	2.992	2.999	2.999	3.007	3.016	3.018
Age 65 and over	0.512	0.523	0.534	0.544	0.555	0.566	0.577	0.587	0.597	0.605	0.612	0.620
Civilian Labor Force (Thousands)												
Labor Force	2098.7	2147.6	2180.0	2262.8	2331.0	2341.5	2370.6	2441.6	2423.3	2388.6	2373.6	2403.1
Household Employment	1951.9	2028.1	2073.2	2147.3	2226.3	2172.9	2185.2	2180.1	2171.9	2214.2	2202.2	2233.9
Unemployment Rate (average)	7.0	5.6	4.9	5.1	4.5	7.2	7.8	10.7	10.4	7.3	7.2	7.0
Wage and Salary Employment (Thousands)												
Total Nonfarm	1676.7	1725.8	1798.5	1887.0	1960.2	1938.0	1923.2	1866.9	1867.1	1948.1	1982.7	2023.5
Mining	2.7	2.5	2.6	2.6	2.6	2.6	2.4	1.9	1.9	1.9	1.9	1.9
Construction	60.7	64.7	73.7	78.5	80.5	70.1	64.9	56.9	57.7	63.2	64.4	68.0
Manufacturing Durables	329.7	335.7	350.1	372.7	392.7	363.5	350.5	310.0	297.5	321.5	314.5	311.7
Manufacturing Nondurables	177.4	183.6	190.3	197.0	198.6	194.4	192.9	188.2	189.3	197.5	199.5	202.8
Trans. & Utilities	81.7	82.5	85.0	88.4	92.2	92.0	92.3	89.4	88.0	92.3	94.2	93.7
Retail Trade	290.3	301.7	319.2	332.9	344.4	339.6	333.8	331.8	336.8	354.1	364.6	375.3
Wholesale Trade	84.4	87.1	90.5	93.6	96.8	97.2	98.6	97.2	96.5	98.7	100.5	101.9
Finance, Ins. & Real Estate	74.4	77.0	81.0	85.7	90.3	93.3	94.9	95.9	98.4	101.1	103.5	107.8
Services	290.2	302.4	319.0	337.4	351.9	364.2	374.9	381.5	388.6	404.4	419.0	434.9
Government	285.4	288.6	287.1	298.2	310.1	321.1	318.0	314.1	312.4	313.4	320.6	325.6
Income in Constant (1996) Dollars (Billions)												
Total Personal Income	72.855	76.286	80.068	83.884	86.877	86.720	86.579	86.357	85.910	90.951	92.586	95.016
Wages and Salaries	43.068	45.241	47.030	49.783	51.123	49.181	48.297	46.997	46.848	49.352	50.116	51.594
Other Labor Income	4.322	4.859	5.514	5.889	6.096	6.184	6.031	6.102	6.232	6.341	6.539	6.799
Property Income	11.130	11.372	11.688	12.461	13.496	14.833	16.482	17.525	17.068	18.349	18.509	18.818
Transfer Income	9.140	9.438	9.495	9.750	10.246	11.292	11.783	12.453	12.812	12.535	12.921	13.081
Proprietors' Income	6.737	6.957	7.977	7.775	7.915	7.200	6.133	5.416	5.016	6.479	6.723	7.025
Contributions to Social Ins.	2.446	2.550	2.639	2.831	3.049	2.960	3.140	3.108	3.080	3.256	3.457	3.620
Residence Adjustment	0.904	0.968	1.004	1.056	1.049	0.990	0.994	0.973	1.016	1.149	1.236	1.318
Per Capita Income (\$)	15926	16604	17322	18062	18573	18417	18324	18262	18191	19215	19507	19983
Household Income (\$)	49577	50625	52067	53351	53924	52630	51652	51263	50920	53218	53517	54524

TABLE III.3 (continued)
THE WISCONSIN ECONOMY: HISTORY AND LONG-TERM FORECAST
(1975 - 2025)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Population (Millions)													
Total	4.775	4.816	4.853	4.896	4.946	4.998	5.049	5.091	5.132	5.170	5.198	5.221	5.280
Age 16 and over	3.659	3.691	3.709	3.729	3.769	3.811	3.859	3.897	3.939	3.985	4.014	4.036	4.094
Age 16 to 64	3.030	3.055	3.066	3.077	3.110	3.145	3.185	3.218	3.254	3.297	3.324	3.345	3.395
Age 65 and over	0.628	0.636	0.644	0.651	0.658	0.666	0.674	0.679	0.684	0.688	0.690	0.691	0.700
Civilian Labor Force (Thousands)													
Labor Force	2492.4	2569.7	2611.2	2579.3	2593.2	2668.3	2716.9	2805.0	2844.0	2907.6	2948.4	2953.0	2965.2
Household Employment	2340.8	2460.4	2497.0	2466.0	2453.0	2533.1	2589.4	2678.0	2738.8	2805.3	2840.4	2853.4	2877.7
Unemployment Rate (average)	6.1	4.3	4.4	4.4	5.4	5.1	4.7	4.5	3.7	3.5	3.7	3.4	3.0
Wage and Salary Employment (Thousands)													
Total Nonfarm	2089.3	2168.5	2236.4	2291.6	2302.0	2357.9	2412.8	2490.8	2558.4	2600.6	2655.7	2718.0	2783.9
Mining	2.0	2.1	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.5	2.6	2.8	2.8
Construction	72.2	76.4	80.7	86.6	86.6	90.7	93.3	98.2	99.0	104.4	108.3	112.9	121.4
Manufacturing Durables	320.1	336.4	338.5	335.3	322.2	326.1	333.4	349.9	364.1	364.9	371.2	378.9	377.0
Manufacturing Nondurables	208.7	215.1	220.0	223.3	224.0	223.6	228.5	234.0	237.4	236.3	237.6	239.7	240.7
Trans. & Utilities	95.0	97.5	101.5	106.3	107.9	110.1	113.8	116.1	120.1	121.9	124.0	127.2	131.1
Retail Trade	388.0	399.5	413.1	425.0	424.8	428.4	434.1	447.1	461.4	466.3	471.4	475.8	489.6
Wholesale Trade	106.3	110.8	115.3	117.2	117.9	118.9	120.6	124.0	126.8	129.4	132.9	135.7	137.3
Finance, Ins. & Real Estate	112.3	115.3	117.4	120.7	124.0	127.0	131.0	135.0	136.5	138.0	140.2	142.8	146.0
Services	459.8	487.6	512.6	532.0	546.1	574.1	594.2	617.0	632.0	653.5	681.0	708.9	739.2
Government	325.0	327.8	335.0	342.9	346.4	356.8	361.5	367.1	378.7	383.5	386.6	393.2	398.8
Income in Constant (1996) Dollars (Billions)													
Total Personal Income	97.187	99.597	102.629	103.965	104.224	108.534	111.220	115.521	118.447	121.857	126.449	133.017	137.150
Wages and Salaries	53.124	55.481	56.122	57.534	57.725	60.442	61.997	64.551	66.780	68.899	72.367	76.354	79.505
Other Labor Income	7.178	7.480	7.703	8.129	8.420	9.096	9.943	10.478	10.098	9.497	8.763	8.707	8.551
Property Income	19.022	19.480	20.709	20.806	20.608	20.442	20.475	21.640	22.578	23.835	25.427	27.205	27.952
Transfer Income	12.971	12.927	13.191	13.584	14.348	15.082	15.427	15.551	16.065	16.198	16.521	16.582	16.832
Proprietors' Income	7.208	6.729	7.616	6.659	5.995	6.466	6.452	6.576	6.352	6.805	6.843	7.591	7.910
Contributions to Social Ins.	3.728	4.065	4.258	4.336	4.443	4.621	4.763	5.043	5.214	5.304	5.548	5.763	6.021
Residence Adjustment	1.414	1.566	1.545	1.589	1.572	1.627	1.688	1.767	1.789	1.927	2.076	2.341	2.421
Per Capita Income (\$)	20,354	20,679	21,149	21,235	21,071	21,714	22,026	22,692	23,082	23,571	24,326	25,477	25,976
Household Income (\$)	55,276	55,726	56,714	57,092	56,677	58,206	59,116	61,103	61,902	62,829	64,262	67,062	68,055

TABLE III.3 (continued)
THE WISCONSIN ECONOMY: HISTORY AND LONG-TERM FORECAST
(1975-2025)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population (Millions)														
Total	5.323	5.357	5.390	5.420	5.449	5.476	5.501	5.524	5.546	5.567	5.587	5.608	5.628	5.649
Age 16 and over	4.140	4.179	4.216	4.251	4.282	4.312	4.341	4.367	4.390	4.411	4.430	4.450	4.468	4.488
Age 16 to 64	3.434	3.469	3.503	3.532	3.558	3.582	3.606	3.623	3.632	3.641	3.649	3.659	3.652	3.647
Age 65 and over	0.705	0.709	0.713	0.719	0.724	0.729	0.736	0.744	0.758	0.770	0.781	0.791	0.816	0.841
Civilian Labor Force (Thousands)														
Labor Force	3016.9	3057.6	3079.5	3101.8	3130.1	3156.2	3180.3	3201.5	3218.0	3232.7	3247.6	3258.7	3262.6	3265.9
Household Employment	2917.5	2930.7	2937.4	2965.3	2995.8	3027.6	3057.8	3082.1	3102.6	3121.1	3140.8	3153.0	3154.4	3154.8
Unemployment Rate (average)	3.3	4.2	4.6	4.4	4.3	4.1	3.9	3.7	3.6	3.5	3.3	3.2	3.3	3.4
Wage and Salary Employment (Thousands)														
Total Nonfarm	2834.1	2838.4	2847.9	2881.7	2918.4	2957.0	2993.7	3023.6	3049.3	3072.6	3097.5	3113.6	3117.0	3119.4
Mining	2.8	2.7	2.5	2.4	2.3	2.2	2.1	2.0	2.0	1.9	1.9	1.8	1.7	1.6
Construction	126.2	128.2	129.0	131.2	134.7	138.5	141.9	144.5	146.8	148.7	150.7	151.4	150.1	148.5
Manufacturing Durables	375.6	359.2	348.4	352.6	357.9	361.1	364.5	366.7	367.2	367.2	367.7	367.7	366.1	364.9
Manufacturing Nondurables	241.0	237.9	234.0	232.2	232.2	231.7	231.3	229.9	227.8	225.8	223.8	223.5	223.9	224.2
Trans. & Utilities	133.5	135.8	136.8	138.5	141.0	143.9	146.6	149.0	151.3	153.3	155.3	156.0	155.0	153.6
Retail Trade	496.7	494.1	493.3	497.7	500.5	502.8	504.7	505.4	506.2	508.1	510.0	512.1	512.0	511.2
Wholesale Trade	139.2	140.1	141.1	142.4	143.3	144.5	145.7	146.6	147.4	147.8	148.2	147.5	145.8	144.2
Finance, Ins. & Real Estate	148.6	152.4	153.5	155.2	157.0	158.6	159.9	160.9	161.8	162.2	162.4	162.9	163.1	163.2
Services	765.9	782.6	800.1	817.7	835.3	856.7	877.5	896.4	914.8	931.6	947.2	958.9	965.0	971.1
Government	404.7	405.5	409.4	411.8	414.3	416.9	419.6	422.1	424.1	426.1	430.5	431.8	434.2	436.9
Income in Constant (1996) Dollars (Billions)														
Total Personal Income	143.137	146.771	151.000	156.513	161.609	166.499	171.205	175.650	180.221	184.820	189.740	194.667	199.404	204.140
Wages and Salaries	83.200	85.273	87.801	91.180	94.235	97.138	99.830	102.230	104.537	106.867	109.455	111.887	113.878	115.739
Other Labor Income	8.700	8.779	8.944	9.251	9.520	9.778	10.014	10.218	10.413	10.584	10.749	10.920	11.114	11.313
Property Income	29.479	30.068	30.402	31.418	32.524	33.583	34.610	35.571	36.607	37.676	38.794	40.035	41.437	42.915
Transfer Income	17.159	18.056	18.874	19.431	19.997	20.565	21.152	21.841	22.671	23.502	24.338	25.306	26.421	27.559
Proprietors' Income	8.264	8.309	8.659	8.963	9.058	9.143	9.275	9.414	9.556	9.689	9.846	9.929	9.942	9.969
Contributions to Social Ins.	6.283	6.353	6.450	6.650	6.796	6.927	7.039	7.126	7.204	7.280	7.371	7.489	7.603	7.707
Residence Adjustment	2.515	2.639	2.768	2.921	3.070	3.218	3.362	3.501	3.640	3.782	3.929	4.078	4.215	4.352
Per Capita Income (\$)	26,891	27,400	28,016	28,875	29,660	30,408	31,124	31,796	32,494	33,200	33,959	34,713	35,434	36,136
Household Income (\$)	70,126	70,849	72,384	74,562	76,469	78,164	79,772	81,277	82,831	84,402	86,096	87,825	89,493	91,091

TABLE III.3 (continued)
THE WISCONSIN ECONOMY: HISTORY AND LONG-TERM FORECAST
(1975-2025)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Population (Millions)												
Total	5.670	5.691	5.711	5.730	5.749	5.768	5.786	5.803	5.820	5.836	5.851	5.866
Age 16 and over	4.507	4.525	4.543	4.560	4.576	4.593	4.609	4.625	4.640	4.656	4.671	4.686
Age 16 to 64	3.642	3.635	3.627	3.616	3.603	3.590	3.575	3.560	3.542	3.524	3.508	3.491
Age 65 and over	0.865	0.890	0.915	0.944	0.973	1.003	1.034	1.065	1.098	1.131	1.163	1.195
Civilian Labor Force (Thousands)												
Labor Force	3270.0	3274.6	3278.5	3280.5	3280.5	3277.9	3276.1	3276.3	3277.7	3277.0	3275.9	3274.6
Household Employment	3157.7	3159.7	3164.3	3172.0	3177.2	3179.1	3180.6	3179.6	3177.0	3174.9	3173.7	3174.0
Unemployment Rate (average)	3.4	3.5	3.5	3.3	3.1	3.0	2.9	3.0	3.1	3.1	3.1	3.1
Wage and Salary Employment (Thousands)												
Total Nonfarm	3124.7	3128.9	3136.2	3147.1	3155.2	3159.2	3162.9	3163.7	3162.5	3161.9	3162.5	3164.7
Mining	1.6	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.0
Construction	147.3	146.6	146.8	148.0	149.1	149.1	147.9	146.1	143.5	140.7	138.4	136.7
Manufacturing Durables	365.0	365.4	366.4	368.8	370.6	373.1	376.0	379.7	382.5	386.9	392.1	397.3
Manufacturing Nondurables	225.1	225.7	226.9	228.3	229.1	230.2	231.4	232.3	232.1	232.7	233.7	234.7
Trans. & Utilities	152.3	151.4	150.7	150.4	150.5	150.3	150.2	149.9	149.0	147.8	146.9	146.4
Retail Trade	510.6	510.2	509.6	509.6	508.5	506.4	503.4	501.5	499.1	496.7	494.2	492.0
Wholesale Trade	142.7	141.1	139.8	138.7	137.6	136.3	135.1	134.2	133.4	132.5	131.7	131.0
Finance, Ins. & Real Estate	163.4	163.0	162.5	162.1	161.7	160.9	160.0	159.2	158.6	157.4	155.9	154.3
Services	977.7	983.7	990.6	997.5	1003.6	1007.9	1011.0	1014.4	1017.7	1020.2	1021.9	1023.9
Government	439.1	440.4	441.6	442.5	443.2	443.8	446.7	445.1	445.4	446.0	446.6	447.2
Income in Constant (1996) Dollars (Billions)												
Total Personal Income	208.848	213.374	218.286	223.560	228.556	233.047	237.115	240.356	243.309	246.356	249.535	252.899
Wages and Salaries	117.723	119.502	121.409	123.493	125.457	127.045	128.356	129.085	129.527	129.984	130.573	131.290
Other Labor Income	11.503	11.738	11.998	12.224	12.396	12.511	12.663	12.822	12.923	12.966	12.950	12.880
Property Income	44.344	45.756	47.282	48.902	50.436	51.921	53.293	54.513	55.698	56.939	58.234	59.595
Transfer Income	28.554	29.532	30.582	31.736	32.934	34.177	35.421	36.667	37.978	39.320	40.649	42.011
Proprietors' Income	10.045	10.121	10.239	10.382	10.455	10.522	10.564	10.477	10.411	10.398	10.408	10.435
Contributions to Social Ins.	7.818	7.915	8.020	8.136	8.244	8.404	8.594	8.747	8.880	9.015	9.159	9.312
Residence Adjustment	4.496	4.641	4.796	4.959	5.122	5.274	5.413	5.539	5.651	5.764	5.880	6.000
Per Capita Income (\$)	36,833	37,496	38,224	39,014	39,753	40,404	40,982	41,419	41,808	42,216	42,649	43,116
Household Income (\$)	92,727	94,287	95,986	97,770	99,404	100,809	102,045	102,976	103,807	104,681	105,635	106,672